Dynetek Industries Ltd.
STORING ENERGY'S FUTURE

DYNETEK REPORTS 2007 NINE MONTH AND THIRD QUARTER RESULTS AND A REVITALIZED BOARD OF DIRECTORS

Calgary, Alberta, Canada – November 8, 2007 – Dynetek Industries Ltd. (TSX:DNK), a leader in the design, manufacturing and marketing of proprietary fuel storage cylinders and systems for compressed natural gas (CNG) and hydrogen, today reported results for the three months and nine months ended September 30, 2007.

Financial Highlights

(tabular amounts in thousands of Canadian dollars, except share capital and per share data)
(unaudited)

	Three months ended September 30		Nine months ended September 30	
	2007	2006	**2007**	2006
Total Revenue	**9,836**	8,664	**28,481**	26,306
Net income (loss)	**(412)**	(311)	**(2,554)**	(244)
Net income (loss) per common share (basic and fully diluted)	**(0.02)**	(0.02)	**(0.12)**	(0.01)
EBITDA [1]	**375**	317	**2,061**	1,703
Cash flow (deficiency) from operations	**(12)**	(2,144)	**981**	(822)

(1)EBITDA is a non-GAAP financial measure that is defined and discussed in the Non-GAAP Financial Measures section of the Management's Discussion and Analysis.

Revenues for the nine months ended September 30, 2007 were a record of $28.5 million. Third quarter cylinder and system sales were 2% higher than in Q3 2006 and research and development revenue was 225% higher than in Q3 2006, resulting in an overall revenue increase for the three months ended September 30, 2007 of 13%. This highlights the importance of the diversification of Dynetek's product and service offerings that allows the Company to buffer market demand variations.

The loss of ($2.6 million) for the nine months ended September 30, 2007 relates primarily to the impairment of the future tax asset previously reported for Q2 2007 which is a one-time reduction of the future tax asset and a non-cash item. The net loss for the three months ended September 30, 2007is $199,000, down from a $244,000 loss in Q3 2006.

Christian Rasche, President and Chief Executive Officer, said the third quarter revenues significantly surpassed amounts forecasted in the Q2 2007 report. "Our cylinder and system sales were higher than originally anticipated as we were able to accommodate certain customers' unexpected immediate requirements. In addition, our research and development revenues were higher than the same period through 2006 as Dynetek successfully met all planned R&D deliverables to the hydrogen fuel system development project for Daimler in cooperation with Magna Steyr. Dynetek expects to see an increase in activities for hydrogen powered vehicles".

As indicated in our news release and interim report for Q1 and Q2 2007, the reason for lower than expected cylinder and systems sales for the nine months is a result of low tender activities by many European bus manufacturers. "For this reason we expect that our European cylinder and system sales in Q4 2007 will be lower than the levels achieved in Q4 2006. Dynetek has undertaken measures to control spending and to increase activities in other business areas to minimize the impact of the slower than expected European market. The lower revenues for CNG cylinder and system sales will be offset with higher revenue in Research and Development activities which reflects the increasing activities in the hydrogen market", commented Mr. Rasche. "We expect the activities in the European market to pick up by Q2 2008. Dynetek is very well positioned in the CNG market place where opportunities will enable the Company to achieve the long-term goals of net income and continued revenue growth."

Dynetek also announces the appointment of John Bobenic and G. Howard (Howie) Kroon to the Board of Directors.

Mr. Bobenic is currently the President & CEO and a Director of Maxim Power Corp., a TSX listed independent power producer. Mr. Bobenic is a Chartered Accountant, an Executive MBA and has over 25 years of energy industry experience. Mr. Bobenic is also a member of the Board of Directors/Managers of the Independent Power Producers Society of Alberta ("IPPSA") and numerous affiliates of Maxim Power Corp. including Maxim Power (USA) Inc., Maxim Power Europe BV, Comax France SAS, Milner Power Inc., Basin Creek Holdco LLC, and Pawtucket Power Generation LLC. Mr. Bobenic has been appointed to the Audit Committee of the Board of Dynetek and has agreed to serve as Chairman of that committee.

G. Howard (Howie) Kroon has nine years of manufacturing industry experience in senior management positions. Howie is presently the President and CEO of Palliser Lumber Sales Ltd. Mr. Kroon joined Palliser Lumber Sales Ltd. in 1998 as the CFO, transitioned to COO during his tenure and was appointed CEO in 2003. Prior to 1998 he was at an international accounting firm where Howie was a senior manager in the areas of tax and advisory services and obtained his chartered accountancy designation.

With these appointments and the recent appointments of Tony Roberts and Brad Turner announced in August, the revitalized Board of Directors of Dynetek and Board Committees are now composed of:

John Bobenick (1), (3)
Howie Kroon (1), (2)
Brad Turner (1), (3)
Anthony Roberts (2)
Robb Thompson (2), (3)
Heinz Portmann
Chris Rasche

(1) Members of the Audit Committee
(2) Members of the Compensation Committee
(3) Members of the Corporate Governance Committee

OPERATIONAL HIGHLIGHTS

In the first nine months of 2007, Dynetek achieved total revenues of $28.5 million compared to $26.3 million for the same period of 2006. Cylinder and system sales for the nine months ended September 30, 2007 were $23.6 million compared to $24.6 million for the same period of 2006. In the third quarter of 2007, Dynetek achieved total revenues of $9.8 million (2006 - $8.7 million) with cylinder and system sales of $8.5 million (2006 - $8.3 million) and research and development revenue of $1.3 million (2006 - $0.4 million). The Company recorded cash flow from operations of $1.0 million for the nine months ended September 30, 2007, compared to cash flow deficiency from operations of ($0.8) million for the same period of 2006. Cash flow deficiency from operations for the three months ended September 30, 2007 was ($12,000) compared to cash flow deficiency from operations of ($2.1) million for the same period of 2006. The Company continues to have positive EBITDA[1] and reported $2.1 million for the nine months ended September 30, 2007 and positive EBITDA[1] of $0.4 million for the three months ended September 30, 2007 representing the sixteenth consecutive quarter.

Dynetek reported a loss of ($2.6) million for the nine months ended September 30, 2007 and ($0.4) million for the three months ended September 30, 2007. The loss for the nine months ended September 30, 2007 is primarily the result of the impairment of the future tax asset reported in Q2 2007, which was directly affected by the deferral of tenders for the European bus markets into 2008. The one-time reduction of the future income tax asset is a non-cash item. The loss for the three months ended September 30, 2007 is primarily the result of reduced contribution margins, due to changes in foreign exchange rates and the timing differences between when raw materials are purchased and when finished cylinders and systems are manufactured and sold.

The Company continues to focus its compressed natural gas cylinder and system sales in areas such as California and Europe. Dynetek's proprietary technology provides advantages such as less weight, more compressed natural gas on board and less operating costs, being the value proposition we offer our customers that our competitors cannot provide. In the first nine months of 2007, Dynetek's European operations achieved cylinder and system sales of $13.5 million (2006 - $15.0 million). For the quarter ended September 30, 2007, Dynetek's European operations achieved cylinder and system sales of $4.6 million (2006 – $5.5 million). The cylinder and system sales from the Canadian operations for the nine months ended September 30, 2007 were $10.2 million (2006 - $9.6 million). Cylinder and system sales from the Canadian operations for the quarter ended September 30, 2007 were $3.9 million (2006 - $3.2 million).

Dynetek's research and development team continues to focus its efforts on compressed hydrogen and related storage requirements. During the first nine months of 2007 the Company continued to work with 9 different OEMs, including Ford, Hyundai, Daimler and Nissan, to design, manufacture and deliver the hydrogen storage solution on 12 confidential development programs.

In February of 2007 Dynetek accepted a purchase order representing approximately $7 million (CAD) in compressed hydrogen system sales with Magna Steyr, an operating unit of Magna International Inc. The purchase order involves the development, certification and supply of 700bar compressed hydrogen fuel storage systems, including related engineering, to Magna Steyr in connection with Daimler's fuel cell program. At the end of September Dynetek had delivered three storage systems for the project.

In the third quarter of 2007 Dynetek delivered the Bulk Transport Systems "BT450" Tube Trailer System to the Integrated Waste Hydrogen Utilization Project ('IWHUP'). The BT450 utilize removable modules - also called Powercubes - to transport hydrogen to various usage points along B.C's Hydrogen Highway. One of the hurdles identified for the widespread adoption of hydrogen as a motor vehicle fuel is the refueling infrastructure. These modules are a key link between the hydrogen production and the various points of use in the IWHUP. The BT450 is a further demonstration of how Dynetek's "Instant Infrastructure™" products, can enable customers to refuel hydrogen powered vehicles easily and cost effectively.

On November 1, 2007 the Company announced that it had signed a MOU with the William J. Clinton Foundation to supply hydrogen systems for Fuel Cell Buses. The Clinton Climate Initiative (CCI) is a project of the William J. Clinton Foundation. CCI will utilize the skills that the Clinton Foundation has developed in worldwide mobilization to confront crises such as AIDS, to help initiate programs that directly result in substantial reductions in greenhouse gas emissions. The CCI's intent is to pool demand in the Large Cities in a way that can accelerate the development of markets for efficient and sustainable energy technologies and to simultaneously work with suppliers to help reduce the cost of sustainable energy products that are of interest to cities and thereby decrease economic impediments to wide adoption.

(1) EBITDA is a non-GAAP financial measure that is defined and discussed in the Non-GAAP Financial Measures section of the Management's Discussion and Analysis.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following sets out management's discussion and analysis of our financial position and results of operations for the three months and nine months ended September 30, 2007 and 2006 and is based on information available as at November 1, 2007. The interim management's discussion and analysis (MD&A) updates our annual MD&A included in our 2006 Annual Report to Shareholders, to which readers are referred. No update is provided where an item is not material or where there has been no material change from the discussion in our annual MD&A.

Non-GAAP Financial Measures

Dynetek Industries Ltd. ('the Company") reports its financial results in accordance with generally accepted accounting principles (GAAP). It also occasionally uses certain non-GAAP financial measures, such as EBITDA, working capital and non-cash working capital. Dynetek defines EBITDA as earnings before interest, taxes, stock based compensation, non-cash foreign exchange, depreciation, and amortization. (Prior to Q3 2007, Dynetek defined EBITDA as also being before impairment of other assets.) Dynetek defines working capital as current assets less current liabilities. Dynetek defines non-cash working capital as current assets less cash and current liabilities. These non-GAAP financial measures are always clearly indicated. The Company believes that non-GAAP financial measures provide investors and analysts with useful information so that they can better understand the financial results and perform a better analysis of the Company's growth and profitability potential. Since non-GAAP financial measures do not have a standardized definition, they may differ from the non-GAAP financial measures used by other companies. The Company strongly encourages investors to review its financial statements and other publicly filed reports in their entirety and not rely on a single non-GAAP financial measure.

Financial Highlights

(tabular amounts in thousands of Canadian dollars, except share capital and per share data)
(unaudited)

	Three months ended September 30		Nine months ended September 30	
	2007	2006	**2007**	2006
Revenue				
Cylinder and system sales	**8,481**	8,275	**23,641**	24,598
Research and development income	**1,322**	376	**4,499**	1,638
Investment and other income	**33**	13	**341**	70
	9,836	8,664	**28,481**	26,306
Net income (loss)	**(412)**	(311)	**(2,554)**	(244)
Net income (loss) per common share (basic and fully diluted)	**(0.02)**	(0.02)	**(0.12)**	(0.01)
EBITDA [1]	**375**	317	**2,061**	1,703
Capital expenditures	**86**	1,113	**817**	1,943
Cash and cash equivalents	**861**	1,202	**861**	1,202
Non-cash working capital [1]	**11,648**	12,405	**11,648**	12,405
Working capital[1]	**12,510**	13,607	**12,510**	13,607
Cash flow (deficiency) from operations	**(12)**	(2,144)	**981**	(822)
Total assets	**42,065**	47,108	**42,065**	47,108
Long-term debt	**1,769**	1,478	**1,769**	1,478
Common shares outstanding	**20,940,451**	20,940,451	**20,940,451**	20,940,451
Weighted average common shares outstanding	**20,940,451**	20,940,103	**20,940,451**	20,940,103

(1) EBITDA, working capital and non-cash working capital are non-GAAP financial measures that are defined and discussed in the Non-GAAP Financial Measures section of the Management's Discussion and Analysis.

Cylinder and system sales for the nine months ended September 30, 2007 were $23.6 million, down 4% from $24.6 million for the same period of 2006. Cylinder and system sales for the three months ended September 30, 2007 were $8.5 million, up $0.2 million or 2% for the same period in 2006. In 2006 Dynetek achieved record cylinder and system sales growth. However, in 2007 Dynetek has been unable to maintain the same increases in growth due to the reduction in tenders in the European Bus Market.

Research and development income for the nine months ended September 30, 2007 was $4.5 million, up 181% or $2.9 million from the same period in 2006. Research and development income for the third quarter of 2007 was $1.3 million, up 225% or $0.9 million from the same period of 2006. The primary reason for the increase in research and development income for both the nine months and three months ended September 30, 2007 is the revenues relating to the Magna Steyr purchase order involving the design, certification and supply of 700bar compressed hydrogen fuel storage systems. During the first nine months of 2007, Dynetek continued to be involved with Natural Resources Canada (NRCan) and 9 different Original Equipment Manufacturers (OEMs), including Ford, Hyundai, Daimler and Nissan, to design, manufacture and deliver the hydrogen storage solution on 12 confidential development programs. Revenues received from the OEMs regarding these projects are recorded on billing milestones outlined in the contracts and, therefore, timing differences occur between when costs are incurred and funding is received. Non-repayable cost shared monies received from NRCan are recorded as revenue in the period it is invoiced.

Investment and other income for the nine months ended September 30, 2007 was $0.3 million, compared to $0.1 million for the same period in 2006. In the third quarter of 2007, investment and other income was $33,000 compared to $13,000 for the same period of 2006.

Cost of goods sold was $19.0 million for the nine months ended September 30, 2007 compared to $18.9 million for the same period in 2006. Cost of goods sold was $6.6 million for the three months ended September 30, 2007 compared to $6.4 million for the same period in 2006. Corresponding contribution margins for the nine months ended September 30, 2007 were $4.6 million, or 19% of sales compared to $5.7 million, or 23% of sales for the same period of 2006. Corresponding contribution margins for the three months ended September 30, 2007 were $1.9 million, or 22% of sales compared to $1.9 million, or 23% of sales for the same period of 2006. The margin reduction for the nine months ended September 30, 2007 is due primarily to the airfreight costs incurred in the first quarter and the reduced cylinder and system sales volumes to cover fixed manufacturing costs. The margin reduction for the three months ended September 30, 2007 is due to changes in the foreign exchange rates and the timing differences between when raw materials are purchased and when finished cylinders and systems are manufactured and sold.

General and administrative expense was $2.9 million for the nine months ended September 30, 2007 compared to $2.8 million for the same period of 2006. General and administrative expense was $0.9 million for the three months ended September 30, 2007, which is comparable to the same period of 2006. General and administration expense as a percentage of revenue for the nine and three months ended September 30, 2007 were comparable to the same periods of 2006 at 10%.

Research and product development expense was $3.2 million for the nine months ended September 30, 2007 compared to $1.6 million for the same period in 2006. Research and product development expense was $1.4 million for the quarter ended September 30, 2007 compared to $0.6 million for the same period in 2006. The increase in expenses is reflective of the increase in revenue resulting from the additional programs in the first nine months of 2007 compared to the same period of 2006. Research and development expense consists of materials, labor and costs of benefits and overhead related to research and development activity.

The majority of Dynetek's research and development programs are co-funded with major OEMs and government (NRCan). The funding from the OEMs for the research and development programs is recorded as research and development revenue based on billing milestones outlined in the contracts. This can result in timing differences between when costs are incurred and funding is received. The government funding is recorded either as research and development income or loans. The cost shared monies received from NRCan, which is non-repayable, are recorded as research and development revenue in the period it is invoiced and the repayable government cost shared monies are recorded as a loan.

Marketing expense was $1.3 million for the nine months ended September 30, 2007, compared to $1.4 million for the same period of 2006. Marketing expense was $0.5 million for the three months ended September 30, 2007, comparable to the same period of 2006. Marketing expense decreased to 4% of revenue for the nine months ended September 30, 2007 compared to 5% for the same period of 2006. Marketing expense was 6% of revenue for the three months ended September 30, 2007, which is comparable to the same period of 2006.

Interest Expense was $0.2 million for the nine months ended September 30, 2007, compared to $22,000 for the same period of 2006*.* Interest expense was $58,000 for the three months ended September 30, 2007, compared to $22,000 for the same period of 2006.

Depreciation was $1.2 million for the nine months ended September 30, 2007, $0.1 million higher than the $1.1 million for the same period of 2006*.* Depreciation was $0.4 million for the three months ended September 30, 2007, which is comparable to the same period of 2006.

Amortization was $0.7 million for the nine months ended September 30, 2007, which was $0.2 million higher than the same period of 2006. Amortization was $0.3 million for the three months ended September 30, 2007, which is $0.1 million higher than the same period of 2006. Items included in amortization expense include process and development costs, patents and deferred start-up costs for the European operation.

Foreign exchange for nine months ended September 30, 2007 was a loss of ($0.1) million compared to a loss of ($0.2) million in the same period of 2006. Foreign exchange for three months ended September 30, 2007 was a loss of ($34,000) compared to a loss of ($6,000) for the same period of 2006. Dynetek's Canadian operations invoices the majority of its revenue in US dollars and the European operation invoices in Euros. The Company reports its results in Canadian dollars but the revenues are generated in US dollars, Euros and Canadian dollars. The foreign exchange loss in the first nine months of 2007 and the third quarter of 2007 is a result of a weakening of the U.S. dollar and the Euro against the Canadian dollar resulting in a negative impact on the foreign denominated accounts receivable and cash when translating into Canadian dollars for financial reporting purposes and the settlement of accounts receivable transactions during the period.

Stock based compensation for nine months ended September 30, 2007 was $0.1 million compared to $0.2 million in the same period of 2006. Stock based compensation for three months ended September 30, 2007 was $29,000 compared to $54,000 for the same period of 2006. The reduction of stock based compensation for the nine and three months ended September 30, 2007 is due to a reduction in options issued.

Future income tax for the first nine months of 2007 were ($2.4) million compared to $nil for the same period of 2006. The future income taxes for the three months ended September 30, 2007 was $nil which is comparable to same period of 2006. During the second quarter of 2007 the Company considered the future income tax asset impaired due to the deferral of sales for the European bus markets into 2008 and reduced the future income tax asset value to $nil. For tax purposes the non-capital losses that the future tax asset represents are still available for use by the Company to reduce taxable income until 2010 and were not affected by the recorded impairment for book purposes.

Net Loss for the nine months ended September 30, 2007 was ($2.6) million or ($0.12) per common share compared to net loss of ($0.2) million or ($0.01) per common share for the comparable period of 2006. Net loss for the three months ended September 30, 2007 was ($0.4) million or ($0.02) per common share compared to ($0.3) million or ($0.02) per common share for the same period of 2006. The net loss for nine months ended September 30, 2007 is substantially the result of the impairment of the future income tax asset and a decrease in contribution margin on cylinder and system sales, which is partially offset by the positive margin on the research and development projects. The net loss for the three months ended September 30, 2007 is the result of reduced contribution margin.

Summary of Quarterly Results

The following table shows selected unaudited financial information for the past eight quarters ending September 30, 2007. The information has been obtained from our quarterly unaudited financial statements, which have been prepared in accordance with Canadian GAAP and, in the opinion of management, have been prepared using accounting policies consistent with the audited financial statements and include all adjustments necessary for the fair presentation of the results of the interim periods. We expect our operating results to vary significantly from quarter to quarter and they should not be relied upon to predict future information.

(thousands of Canadian dollars except per share data) (unaudited)	Dec. 31 2005	Mar. 31 2006	June 30 2006	Sept 30 2006	Dec. 31 2006	Mar. 31 2007	June 30 2007	Sept 30 2007
Revenues								
Cylinder and system sales	5,858	8,233	8,090	8,275	11,334	9,322	5,838	8,481
Research & development income	603	618	644	376	771	918	2,259	1,322
Investment & other income	317	19	38	13	14	270	38	33
	6,778	8,870	8,772	8,664	12,119	10,510	8,135	9,836
Operating expenses								
Cost of goods sold	4,538	6,241	6,307	6,393	9,513	7,630	4,817	6,581
Marketing & general and admin.	1,548	1,331	1,384	1,387	1,802	1,312	1,350	1,489
Research & product development	461	478	515	567	650	658	1,184	1,391
	6,547	8,050	8,206	8,347	11,965	9,600	7,351	9,461
Earnings before interest, taxes, stock based compensation non-cash foreign exchange, depreciation & amortization, [1]	231	820	566	317	154	910	784	375
Interest	-	-	-	22	62	68	33	58
Taxes	-	-	-	-	150	80	2,275	-
Stock based compensation	105	48	51	54	56	28	28	29
Foreign exchange (gain) loss	258	70	146	6	75	(1)	115	34
Depreciation & amortization	466	486	518	546	1,018	568	642	666
	829	604	715	628	1,361	743	3,093	787
Net income (loss)	(598)	216	(149)	(311)	(1,207)	167	(2,309)	(412)
Income (loss) per share								
Basic and fully diluted	(0.03)	0.01	(0.01)	(0.02)	(0.05)	0.01	(0.11)	(0.02)

(1) EBITDA is a non-GAAP financial measure that is defined and discussed in the Non-GAAP Financial Measures section of the Management's Discussion and Analysis.

Intangible assets and deferred costs

(thousands of Canadian dollars)
(unaudited)

	Three months ended September 30		Nine months ended September 30	
	2007	2006	**2007**	2006
Patents	**51**	23	**67**	45
Certification costs	**185**	285	**608**	913
Deferred Costs	**49**	23	**111**	67
	285	331	**786**	1,025

Intangible asset expenditures for the nine months ended September 30, 2007 were $0.8 million compared to $1.0 million for the same period of 2006. Intangible asset expenditures for the three months ended September 30, 2007 were $0.3 million, which is comparable to the same period of 2006. The additions for the three and nine months ended September 30, 2007 were due to certification and patent costs incurred during the period. The Company will invest in patents and costs associated with product certification in future years to ensure protection of our intellectual property, developed products and production processes.

Capital Expenditures

(thousands of Canadian dollars)
(unaudited)

	Three months ended September 30		Nine months ended September 30	
	2007	2006	**2007**	2006
Building and leaseholds	**-**	15	**186**	38
Manufacturing equipment	**61**	333	**1,524**	684
Office furniture and other equipment	**39**	40	**142**	59
Computer hardware and software	**2**	30	**23**	48
Manufacturing equipment under construction	**(16)**	695	**(1,058)**	1,114
	86	1,113	**817**	1,943

Capital expenditures for the nine months ended September 30, 2007 were $0.8 million compared to $1.9 million for the same period in 2006. Capital expenditures for the three months ended September 30, 2007 were $0.1 million compared to $1.1 million for the same period in 2006. In the third quarter of 2007 Dynetek sold assets with a net book value of $21,000 for proceeds of $30,000 resulting in a gain on sale of approximately $9,000.

The Company's capital resource requirements consist of capital expenditures to maintain and improve the existing production line.

Financial Resources and Liquidity

To date, the Company has met its liquidity needs through its working capital position and operating bank line. Due to the unexpected deferral of European bus tenders the Company is evaluating several alternative funding arrangements including leveraging certain assets to meet its current liquidity needs until the anticipated recovery of the European bus markets in Q2 2008.

The Company's actual funding requirements and financing alternatives could vary depending on a number of factors, including the increase or decrease of the CNG system sales on a global basis, the progress of research and development projects and the development of additional relationships with strategic partners. Dynetek is continuing to control spending and to increase activities in other areas to minimize the impact of the slower than expected European Bus market.

As at September 30, 2007 Dynetek had cash and cash equivalents of $0.9 million, compared to $1.6 million at June 30, 2007, $1.4 million at March 31, 2007 and $2.0 million at December 31, 2006. Dynetek was cash flow positive from operations of $1.0 million for the nine months ended September 30, 2007 and a cash flow deficiency from operations of ($12,000) for the three months ended September 30, 2007. Dynetek's working capital[1] level was $12.5 million at September 30, 2007, compared to $12.5 million at March 31, 2007 and $12.1 million at December 31, 2006.

(1) Working capital is a non-GAAP financial measure that is defined and discussed in the Non-GAAP Financial Measures section of the Management's Discussion and Analysis

Dynetek's investment in inventory decreased to $10.9 million at September 30, 2007, from $11.9 million at December 31, 2006. Work-in-progress inventory represented by confirmed orders decreased by $0.7 million from the December 31, 2006 levels to $3.4 million. Raw material inventory decreased by $0.2 million from the December 31, 2006 levels to $3.8 million. Finished goods inventory decreased by $0.1 million to $3.7 million from the December 31, 2006 level of $3.8 million.

At September 30, 2007 accounts receivable were $7.2 million, a reduction of $1.0 million when compared to December 31, 2006. This decrease is a result of the reduction of cylinder and system sales compared to the fourth quarter of 2006. The Company seeks to manage the collection of receivables, the use of its operating bank line and the payment of payables in a manner that working capital levels will continue to fund ongoing operations. Accounts payable at September 30, 2007 were $3.6 million, compared to $7.2 million as at December 31, 2006. This decrease is representative of the decreases in production compared to the fourth quarter of 2006. Deferred revenue at September 30, 2007 was $1.0 million compared to $0.7 million at December 31, 2006. The increase is mainly due to an advance payment made by Magna Steyr in connection with Daimler's fuel cell program.

At September 30, 2007 the Company had drawn down $1.9 million of the $5.0 million operating bank line with a major chartered bank.

The long-term debt relates to repayable research and development funding supplied by NRCan. These agreements allow Dynetek to retain the intellectual property and to receive long-term funding. During the first nine months of 2007 the Company recorded $0.3 million of long-term debt relating to the repayable research and development funding supplied by NRCan. The debt is repayable only in the form of royalties based on specific related commercial product sales and is interest free. The Company has $0.2 million to be repaid in 2007.

The Company believes that additional cost shared monies will continue to be available from governments and OEMs for future research and development projects.

Dynetek continues to build on the strong strategic alliances with several major OEMs whereby confidential joint funding has been obtained to develop complete hydrogen fuel storage systems. Other research programs with strategic partners, such as government bodies, who provide financial and technical support, are also in place to explore other storage applications in the energy marketplace.

Transactions with Related Parties

For the nine months ended September 30, 2007, the Company purchased under normal terms and conditions $3.5 million (2006 - $7.6 million) of material used in the production of lightweight fuel storage systems from Mitsubishi Rayon Corporation, a shareholder of the Company.

Outstanding Share Data

Issued and outstanding:

	Number of Shares	**Dollar Amount ('000)**
Balance at December 31, 2006	20,940,451	52,433
Balance at September 30, 2007	20,940,451	52,433

	September 30 2007	December 31 2006
Securities convertible into common shares:		
Stock options	**1,099,500**	1,170,500
Warrants	**756,738**	756,738

As at November 1, 2007, common shares outstanding were 20,940,451, options outstanding were 1,099,500 and warrants outstanding were 756,738.

CHANGES IN ACCOUNTING POLICIES

As required by the Canadian Institute of Chartered Accountants ("CICA"), on January 1, 2007, the Company adopted CICA Handbook section 1530, Comprehensive Income; Section 3251, Equity; Section 3855, Financial Instruments – Recognition and Measurement; Section 3861, Financial Instruments – Disclosure and Presentation; Section 3865, Hedges; and Section 1506, Accounting Changes. See Note 3 to the Consolidated Financial Statements for further details.

INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes in the Company's internal control over financial reporting that occurred during the most recent interim period that materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

OUTLOOK

During the third quarter and months subsequent the Company has introduced four new board members to the market place. All new board members bring past experience and skill sets complementary to the current needs of the Company. The Board's mandate will be to challenge and provide support to management as it reviews, revises and sets a long term strategic plan to create ongoing sustainable shareholder value.

The Company will remain committed to continuing to grow its CNG revenue stream globally through targeted marketing initiatives. The Company, along with the Board, will review alternatives to growing the compressed gas revenue stream, whether it is new joint ventures, new partners and customers, licensing arrangements, new manufacturing techniques or additional product offerings. The Company and the Board are committed to change where appropriate to attain its goals of revenue growth and net income.

Major economic and environmental factors contribute to continuing high-growth in natural gas demand and related markets and hence a positive intermediate and longer term outlook for Dynetek.

- The high growth rate in demand for natural gas stems from the comparative advantages of natural gas compared to diesel, gasoline and bio-fuels;
- Natural gas is cleaner with less toxic emissions than diesel or gasoline; and
- A growing natural gas infrastructure. Continuing investment in infrastructure is adding to the number of compressed natural gas refueling centers.

The markets for our products are and will continue to be worldwide. At the local level, customers include fleet-owners as well as OEM's. Dynetek will continue to review its product portfolio to generate a larger market potential to cover all market requirements.

Dynetek expects to incur a loss in Q4 2007 and for the 2007 financial year because of a temporary slowdown in the demand for its products, specifically a postponement of public transit bus manufacturing in Europe. Strong economic and environmental forces suggest Dynetek's growth will resume. When this happens we look forward to profitability achieved through a long-term strategic plan, supported by carefully selected capital investments to achieve a high sales growth rate, higher contribution margins along with ongoing rationalizing where appropriate throughout the organization.

Additional information relating to Dynetek

Additional information concerning Dynetek, including the Company's AIF, is available on SEDAR at www.sedar.com.

Dynetek Industries Ltd. is a leading international company engaged in the design, manufacturing and marketing of fueling systems and high-pressure components including valves and regulators. The key component of the storage system is the DyneCell® cylinder, capable of storing high pressure gases including compressed natural gas (CNG), hydrogen, and various industrial gases. Dynetek's cylinder and fuel storage systems applications include but are not limited to: the transportation industry, including passenger automobiles, light and heavy-duty trucks, transit and school buses; the bulk hauling of compressed gases; and stationary storage or ground storage refueling applications.

Forward looking statements

In addition to historical information, this news release contains forward-looking statements and should be read in conjunction with the financial statements and related notes for the year ended December 31, 2006 and quarterly interim reports for 2007. Forward-looking statements are based upon current assumptions, expectations and estimates that involve a number of risks and uncertainties and actual results could differ materially from those discussed in the forward-looking statements. Readers are encouraged to review the section in the Management's Discussion and Analysis titled 'Principal Risks and Uncertainties' for a discussion of factors that could affect Dynetek's future operations and financial results. Forward-looking statements are based upon management's assumptions, expectations and estimates at the time the statements are made. Dynetek does not update forward-looking statements should circumstances or management's assumptions, expectations or estimates change, except where required by law.

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Dynetek Industries Ltd.

CONSOLIDATED BALANCE SHEETS

(thousands of Canadian dollars)
(unaudited)

	September 30 2007	December 31 2006
ASSETS		
Current assets		
Cash and cash equivalents	**861**	2,030
Accounts receivable	**7,169**	8,246
Inventory (note 4)	**10,919**	11,859
Prepaids and other	**230**	696
	19,179	22,831
Intangible assets and deferred costs	**5,992**	5,917
Capital assets	**16,894**	17,263
Future income tax (note 9)	**-**	2,355
	42,065	48,366
LIABILITIES		
Current liabilities		
Operating bank line	**1,875**	2,650
Accounts payable and accrued liabilities	**3,579**	7,171
Deferred revenue (note 2)	**964**	720
Current portion of long-term debt	**251**	185
	6,669	10,726
Long-term debt	**1,518**	1,293
SHAREHOLDERS' EQUITY		
Share capital (note 5)	**52,433**	52,433
Contributed surplus (note 6)	**2,476**	2,391
Deficit	**(21,031)**	(18,477)
Accumulated other comprehensive income	**-**	-
	33,878	36,347
	42,065	48,366

See accompanying notes to the unaudited interim consolidated financial statements

Dynetek Industries Ltd.

CONSOLIDATED STATEMENTS OF NET INCOME (LOSS), COMPREHENSIVE INCOME (LOSS) AND DEFICIT

(thousands of Canadian dollars except share capital and per share amounts)
(unaudited)

	Three months ended September 30		Nine months ended September 30	
	2007	2006	**2007**	2006
REVENUE				
Cylinder and system sales	**8,481**	8,275	**23,641**	24,598
Research and development income	**1,322**	376	**4,499**	1,638
Investment and other income	**33**	13	**341**	70
	9,836	8,664	**28,481**	26,306
EXPENSES				
Cost of goods sold	**6,581**	6,393	**19,028**	18,941
General and administrative	**941**	868	**2,884**	2,752
Research and product development	**1,391**	567	**3,233**	1,560
Marketing	**548**	519	**1,267**	1,350
Interest expense	**58**	22	**159**	22
Depreciation	**410**	371	**1,165**	1,059
Amortization of intangible assets and deferred costs	**256**	175	**711**	491
Foreign exchange loss	**34**	6	**148**	222
Stock based compensation (note 5)	**29**	54	**85**	153
	10,248	8,975	**28,680**	26,550
Net loss before income taxes	**(412)**	(311)	**(199)**	(244)
PROVISION FOR TAXES				
Future income tax (note 9)	**-**	-	**(2,355)**	-
	-	-	**(2,355)**	-
NET LOSS AND COMPREHENSIVE LOSS (note 3)	**(412)**	(311)	**(2,554)**	(244)
Deficit, beginning of period	**(20,619)**	(16,959)	**(18,477)**	(17,026)
DEFICIT, END OF PERIOD	**(21,031)**	(17,270)	**(21,031)**	(17,270)
Per Share Information				
Net income (loss) per share (basic and diluted)	**(0.02)**	(0.02)	**(0.12)**	(0.01)
Weighted average number of common shares outstanding	**20,940,451**	20,940,103	**20,940,451**	20,940,103

See accompanying notes to the unaudited interim consolidated financial statements

Dynetek Industries Ltd.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(thousands of Canadian dollars)
(unaudited)

	Three months ended September 30		Nine months ended September 30	
	2007	2006	**2007**	2006
Cash flows provided by (used for) operating activities				
NET LOSS AND COMPREHENSIVE LOSS	**(412)**	(311)	**(2,554)**	(244)
Items not involving cash				
Depreciation	**410**	371	**1,165**	1,059
Amortization of intangible assets and deferred costs	**256**	175	**711**	491
Stock based compensation	**29**	54	**85**	153
Future income tax	**-**	-	**2,355**	-
Gain on sale of asset	**(9)**	-	**(9)**	-
Unrealized foreign exchange loss (gain)	**447**	19	**541**	(88)
	721	308	**2,294**	1,371
Changes in non-cash working capital				
Accounts receivable	**(1,780)**	(1,347)	**1,077**	(854)
Inventory	**2,988**	(1,424)	**940**	(2,617)
Prepaid expenses	**172**	108	**466**	385
Accounts payable and accrued liabilities	**(1,339)**	226	**(3,592)**	812
Deferred revenue	**(318)**	-	**244**	-
Unrealized foreign exchange gain relating to non-cash working capital	**(456)**	(15)	**(448)**	81
Cash flow (deficiency) from operations	**(12)**	(2,144)	**981**	(822)
INVESTING ACTIVITIES				
Additions to intangible assets and deferred costs	**(285)**	(331)	**(786)**	(1,025)
Additions to capital assets	**(86)**	(1,113)	**(817)**	(1,943)
Proceeds on disposal	**30**	-	**30**	-
	(341)	(1,444)	**(1,573)**	(2,968)
FINANCING ACTIVITIES				
Operating bank line	**(395)**	2,175	**(775)**	2,175
Long-term debt	**-**	-	**291**	-
Exercise of options	**-**	-	**-**	1
	(395)	2,175	**(484)**	2,176
Foreign exchange (gains) loss on cash held in a foreign currency	**9**	(4)	**(93)**	7
Decrease in cash and cash equivalents	**(739)**	(1,417)	**(1,169)**	(1,607)
Cash and cash equivalents, beginning of period	**1,600**	2,619	**2,030**	2,809
Cash and cash equivalents, end of period	**861**	1,202	**861**	1,202

Interest income received during the nine month period ended September 30, 2007 was **$**26,000 (2006 - $32,000) and the three month period ended September 30, 2007 was $11,000 (2006 - $7,000). Interest paid during the nine month period ended September 30, 2007 was $0.2 million (2006 – $22,000) and the three month period ended September 30, 2007 was $58,000 (2006 - $22,000).

See accompanying notes to the unaudited interim consolidated financial statements

1. BASIS OF PRESENTATION
The unaudited interim consolidated financial statements of Dynetek Industries Ltd. ("Dynetek" or "the Company") have been prepared by management in accordance with Canadian generally accepted accounting principles. The unaudited interim consolidated financial statements have been prepared following the same accounting policies and methods of computation as the most recent annual audited consolidated financial statements for the year ended December 31, 2006. The unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto in the Company's Annual Report for the year ended December 31, 2006.

2. SIGNIFICANT ACCOUNTING POLICIES
a)Revenue recognition
Cylinder and system revenue is recognized when finished goods are shipped to the customer.
Research and development revenue is generated by projects co-funded with the original equipment manufacturers (OEMs) and government agencies. This revenue is recognized when contractual deliverables and milestones are met. Timing differences can occur between when costs are incurred and when revenue is invoiced and earned. Customer billings for services not yet rendered or customer deposits are received and deferred and recognized as revenue when the services are rendered and finished goods are shipped to the customer. Any associated deferred revenue is included in current liabilities.

b) Research and development costs
Research and development costs are expensed as incurred.

3. CHANGES IN ACCOUNTING POLICIES

As required by the Canadian Institute of Chartered Accountants ("CICA"), on January 1, 2007, the Company adopted CICA Handbook section 1530, Comprehensive Income; Section 3251, Equity; Section 3855, Financial Instruments – Recognition and Measurement; Section 3861, Financial Instruments – Disclosure and Presentation; Section 3865, Hedges; and Section 1506, Accounting Changes.

a) Comprehensive Income and Equity
Upon adoption of Section 1530, the Company revised its "Consolidated Statement of Operations and Deficit" to include the newly required Statement of Comprehensive Income by creating a "Consolidated Statement of Net Income, Comprehensive Income and Deficit", and added to the Consolidated Balance Sheet "Accumulated Other Comprehensive Income" as a component of Shareholders' Equity.

b) Financial Instruments
i) Financial assets and financial liabilities
Under the new CICA standards, financial assets and financial liabilities are initially recognized at fair value and are subsequently accounted for based on their classification. The classification depends on the purpose for which the financial instruments were acquired and their characteristics. Except in very limited circumstances, the classification is not changed subsequent to initial recognition.

The new CICA standards require that all financial assets be classified in one of the five categories; 1) loans and receivables, 2) assets held-to-maturity, 3) assets available-for-sale, 4) other financial liabilities, and 5) held-for-trading. Financial instruments classified as held-for-trading or available-for-sale items as a result of initially adopting this section are measured at fair value. Gains or losses on re-measurement of held-for-trading items are recognized as an adjustment to opening retained earnings, while gains and losses on re-measurement of available-for-sale items are recognized as an adjustment to opening Accumulated Other Comprehensive Income.

Financial instruments that are classified as held-for-trading or available-for-sale are re-measured each reporting period at fair value with the resulting gain or loss recognized immediately in net income and other comprehensive income, respectively. All other financial instruments are accounted for at amortized cost with foreign exchange gains and losses recognized immediately in net income. The recognition, de-recognition and measurement policies followed in financial statements for periods prior to the adoption of this standard are not reversed and, therefore, those financial statements are not restated.

ii) Classification of financial instruments

The Company has applied the following classifications to each of its significant categories of financial instruments outstanding as of January 1, 2007:

Cash and cash equivalents	Designated as held-for-trading
Accounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities
Operating bank line	Other liabilities
Long-term debt	Other liabilities

iii) Derivatives

At September 30, 2007 and December 31, 2006 the Company had no derivatives.

iv) Embedded derivatives

Derivatives embedded in other financial instruments or contracts are separated from their host contracts and accounted for as derivatives when their economic characteristics and risks are not closely related to those of the host contract; the terms of the embedded derivative are the same as those of a free standing derivative; and the combined instrument or contract is not measured at fair value, any changes in fair value recognized in the income statement. At September 30, 2007 and December 31, 2006 the Company had no embedded derivatives.

v) Determination of fair value

The fair value of a financial instrument on initial recognition is the transaction price, which is the fair value of the consideration given or received. Subsequent to initial recognition, fair value is determined by using valuation techniques which refer to observable market data.

vi) Transaction Costs

At September 30, 2007 and December 31, 2006 the Company had no transaction costs.

c) Hedge accounting

Section 3865 specifies the criteria that must be satisfied in order for hedge accounting to be applied and the accounting for each of the permitted hedging strategies: fair value hedges and cash flow hedges. Hedge accounting is discontinued prospectively when the derivative no longer qualifies as an effective hedge, or the derivative is terminated or sold, or upon the sale or early termination of the hedged item. The Company did not have any hedging contracts outstanding as at September 30, 2007 and December 31, 2006.

d) Accounting Changes

Effective January 1, 2007, the Company also adopted CICA section 1506, “Accounting Changes”. Under this standard, voluntary changes to accounting policies are allowed only in situations where they provide financial statements users with more reliable and relevant information. Policy changes are applied retroactively unless it is impractical to determine the period or cumulative impact of the change. Corrections of prior period errors are retroactively applied to the financial statements while changes in accounting estimates are prospectively applied with the changes included in earnings. This section applies to all changes in policies and estimates or corrections of prior period errors in periods beginning on or after January 1, 2007.

4. INVENTORY

	September 30 2007	December 31 2006
Raw materials	**3,844**	3,957
Work-in-progress	**3,385**	4,126
Finished goods	**3,690**	3,776
	10,919	11,859

5. SHARE CAPITAL

The issued and outstanding common shares of the Company along with securities convertible into common shares are as follows:

Issued and outstanding:

	Number of Shares	Amount
Balance at December 31, 2006	20,940,451	52,433
Balance at September 30, 2007	**20,940,451**	**52,433**

	September 30 2007	December 31 2006
Securities convertible into common shares:		
Stock options	**1,099,500**	1,170,500
Warrants	**756,738**	756,738

The estimated fair value of the options used for accounting purposes has been determined using the Black Scholes option-pricing model with the following assumptions:

	Nine months ended September 30	
	2007	2006
Weighted average risk-free interest rate	**4.48%**	2.5%
Weighted average expected life	**5 years**	5 years
Estimated volatility in the market price of the common shares	**76%**	80%
Dividend yield	**0%**	0%

The weighted average fair value per option was $1.06 for the nine months ended September 30, 2007 and $1.55 for the comparable period of 2006.

During the first nine months of 2007, 61,000 (2006 – 48,000) options were issued to employees.

6. CONTRIBUTED SURPLUS

The following table summarizes information about contributed surplus.

Balance at December 31, 2006	2,391
Stock based compensation expense	85
Balance at September 30, 2007	**2,476**

7. TRANSACTIONS WITH RELATED PARTIES

For the nine months ended September 30, 2007, the Company purchased under normal terms and conditions $3.5 million (2006 - $7.6 million) of material used in the production of lightweight fuel storage systems from Mitsubishi Rayon Corporation, a shareholder of the Company.

8. SEGMENTED INFORMATION

The Company currently conducts business in one operating segment, which involves the manufacture and sale of lightweight fuel storage systems. The majority of the Company's operations and assets relating to commercial production were located in Canada at September 30, 2007. Revenues attributed to foreign countries are based on the location of the customer.

	Three months ended September 30		Nine months ended September 30	
	2007	2006	**2007**	2006
Cylinder and system sales				
Canada	**1,090**	97	**2,048**	272
United States	**1,602**	2,389	**5,303**	3,536
Japan	**688**	312	**1,782**	1,188
European Union	**4,638**	5,458	**13,570**	14,976
Australia	**-**	19	**-**	4,626
Other	**463**	-	**938**	-
	8,481	8,275	**23,641**	24,598

9. PROVISION FOR INCOME TAXES

The future income tax asset represented non-capital loss carry forwards that the Company expected to utilize in future periods to offset current taxes payable. Based on the delays in orders received in the European bus market place, during the second quarter of 2007 the Company determined that, for financial statement purposes, the future income tax asset was impaired and has taken a full valuation allowance to reduce the value of the future income tax asset to $nil. The Company has $ 9.7 million of non-capital loss carry-forwards for income tax purposes.

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Corporate Information

Board of Directors

Heinz O. Portmann
Chairman of the Board
Dynetek Industries Ltd.
Calgary, Alberta

Robb D. Thompson†√
Vice President Finance, and Chief Financial Officer
Berkana Energy Corp.
Calgary, Alberta

Anthony Roberts†
Independent Business Person
Lake Elsinore, California, USA

Bradley W. Turner*√
President and CEO
Richards Oil & Gas Limited
Calgary, Alberta

G. Howard Kroon*†
President and CEO
Palliser Lumber
Calgary, Alberta

John R. Bobenic*√
President and CEO
Maxim Power Corp
Calgary, Alberta

Christian W. Rasche
President and Chief Executive Officer
Dynetek Industries Ltd.
Ratingen, Germany

Officers and Management

Heinz O. Portmann
Chairman of the Board

Christian W. Rasche
President and Chief Executive Officer

Michael D. Portmann
Vice President and General Manager

Ulrich Imhof
Vice President, Engineering

Karen Y. Minton
Vice President Finance, and
Chief Financial Officer

Norman E. Hall
Corporate Secretary

Corporate Head Office

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Auditors

Deloitte & Touche LLP
Calgary, Canada

Legal Counsel

Gowling Lafleur Henderson LLP
Calgary, Alberta

Transfer Agent and Registrar

CIBC Mellon Trust Company
with offices in Toronto,
Montreal and Calgary

Stock Listing

Toronto Stock Exchange
Trading Symbol: DNK

Investor Relations

To obtain additional
information about Dynetek
or to be placed on our
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Dynetek Industries Ltd.